GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3164
ANSWERED ON:07.12.2007
TAX EVASION BY EXPORT ORIENTED UNITS
Thummar Shri Virjibhai

Will the Minister of FINANCE be pleased to state:

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(a) whether the export oriented units are cheating the Government in payment of taxes;

(b) if so, the details thereof for the last three years;

(c) the amount of taxes paid and the amount of taxes outstanding till date from them during the same period; and

(d) the steps taken by the Government in this dtrection?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) & (b): There have been instances where export oriented units (EOUs) have attempted to evade duty of excise including illegal clearances into Domestic Tariff Area (DTA). The duty evaded for the last three years is as follows:

(Rs. in lakhs)	
2004-05	71981.10
2005-06	32011.66
2006-07	34176.47

Information in respect of EOUs is not centrally maintained in case of Direct Taxes.

(c): The duty paid out of duty evaded by the defaulting EOUs during the last three years is Rs.4744.62 lakhs and the duty outstanding is Rs.133424.61 lakhs against the defaulting EOUs.

(d): In the cases of excise duty evasion, show cause notices have been issued against defaulting EOUs demanding duty and imposing penalty. The proceedings have been completed or are under process. Action for duty recovery has also been initiated under section 142 of Customs Act, 1962 wherever legally feasible.

Apart from the statutory steps being taken for recovery of outstanding tax dues as prescribed under the Income Tax Act (including attachment of bank account, debtors etc., attachment and sale of immovable property etc.) the following special measures are also being taken to expedite recovery of direct tax arrears:
i) Monitoring of recovery of arrears in large cases by a Task Force.
ii) identification of cases involving substantial amount of arrears pending before Commissioners (Appeals) and ITAT and requesting these authorities to dispose of such appeals early so that the demand can be collected during the current financial year itself,
iii) Requesting the President of ITAT not to allow stay of demand beyond 180 days as prescribed in section 254(2A) of the Income tax Act.
iv) Requesting Settlement Commission to dispose of high demand cases expeditiously.